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IN THE

Supreme Court of the United States

OCTOBER TERM, 1951

No. 703

STUART LABORATORIES, INC. AND
WILLIAM B. HUGLE,

Petitioners,

against

UNION CARBIDE AND CARBON CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE THIRD CIRCUIT

REPLY TO BRIEF FOR RESPONDENT IN OPPOSITION

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May 26, 1952.

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At pages 9 and 10 of our Petition, under the respective headings "Annealing" and "90° Orientation," we set forth carefully documented statements as to *respondent's admissions* and *admitted practices* with respect to these two techniques, mention of which is completely lacking from the patent. *These statements respondent does not even attempt to contravert.** It knows that they are correct.

* Respondent contents itself with trying to soften the effect of its employee Burdick's terribly damaging admission that annealing will "tremendously increase the yield" by contending that yield of the product (star-stones) differs from "yield of stones per boule", claiming that it does not take into account "size and other factors". This is sheer nonsense because the comparison is obviously being made between boules of the same size, and no other factors are specified. Moreover Burdick concluded by saying "and that's very important commercially" (Tr. 113).

Thus, we base our "Questions Presented" on an unshakable foundation of indisputable facts. These may be summarized as follows:

(1) Prior to the application for the patent in suit, respondent was thoroughly familiar with the advantages of both techniques, as applied to the manufacture of star stones;

(2) in the pre-application records of Burdick, one of the applicants, he advised in the clearest terms the use of annealing and 90° orientation;

(3) respondent took his advice, and in its commercial production consistently used the two techniques.

The first three Questions Presented are plainly of very large importance, not merely to the litigants here, but above all to the public. The basic question is whether an applicant for a patent is entitled to a 17-year monopoly when he has failed to disclose in his application the best process which he knows, but has grudgingly told the public only enough so that he can plausibily argue that the process will in some degree work, and may produce a small yield of a poor product. Constantly,* throughout its brief, the respondent refers to vaguely worded findings that the disclosed process will work "successfully," and produce a "profitable" yield of the product. We deny that it will work "successfully" or that it will produce any substantial yield of even a reasonably good product, but, for the purposes of this argument, we assume that it will barely work to produce some small yield of the obviously poor product shown in P. Ex. 64. It is certain that no more was proved, and indeed no more was claimed by respondent in

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* So heavily does respondent lean on these findings that between pages 7 and 28 it refers to the first one seven times, and the second one eight times.

presenting its proposed findings to the Court. The word "successfully", put in the District Court's mouth by the respondent, which adopted its proposed finding 13 *in haec verba*, is clearly ambiguous in so far as the Questions Presented are concerned, for it is entirely consistent with the hypothesis that the process will barely work, although totally inadequate commercially. The finding that a "profitable" yield could be obtained by the process is pulled out of thin air. Even the respondent was not presumptuous enough to request such a finding. It knew that it had never used the process of the patent commercially, and that there was no evidence to support such a finding. It derives from the trial court's misunderstanding of the case, and counsel has refrained from citing any record references to support it. Even, however, were this finding supported, it would not in the least affect our contention that the best and most commercially feasible process known at the time of the application was not disclosed. Some profit is a long way from the best profit known to be obtainable. Applicants could play at ducks and drakes with the public and obtain a monopoly without giving therefor the consideration enabling the public to effectively compete with them, if the last-mentioned were not the requirement.

No careful scrutiny of the record needs to be made to realize that what the respondent has done in this case is to divide its alleged discoveries into two parts, one of which parts it places at the disposal of the public by applying for a patent and obtaining a monopoly, and the other of which it compartmentalizes by claiming trade secrets (*e.g.*, 90° orientation) or omitting from the patent application important elements incapable of being claimed as trade secrets (*e.g.*, annealing). The whole basis for respondent's claim that the former matters are or were trade secrets is that they improve the commercial efficiency of the process disclosed in the patent.

In so many words, respondent (Brief in Opposition, page 22) makes the following highly significant admissions:

> *"Annealing and 90° orientation of the boules are improvements on the basic process. They were known in the art in 1947 when the patent application was filed".* (Emphasis ours.)

The admissions in and of themselves provide the factual basis for our Questions Presented.

On September 21, 1943, Barnes, an employee of the respondent, filed an application for a patent entitled "Synthetic Gem Production", disclosing and claiming in great detail the use of seeding or orientation. This application is still pending (D. Ex. 99). On September 29, 1944, Blaisdell, an employee of respondent, filed an application for a patent entitled "Annealing Single Cystals of Synthetic Corundum". This application has been abandoned (D. Ex. 100). A perusal of these applications will clearly show that respondent was intimately familiar, before the application for the patent in suit was filed, with the advantages of seeding or orientation and annealing techniques as applied to synthetic gem stones. Indeed, in its formal admissions, respondent claimed that it alone had knowledge of the latter technique (Tr. 1532).

Nevertheless, it denies that it fully appreciated the importance of orientation and annealing as applied to the production of star stones in August 1947. We have never, however, been informed at what time between that date and the date of the trial that full importance dawned upon respondent, the obvious reason being that it knew it all along.

Respondent's basic claim in its brief is that we are attempting to obtain a trial *de novo* here on questions of fact, and that no questions of law are presented. Nothing could be further from the fact. The uncontroverted citations of

the record on pages 9 and 10 of our Petition, under the headings "Annealing" and "Orientation", it should be carefully noted, consist entirely of admissions of respondent's employees, either in the form of testimony at the trial or in the form of exhibits containing admissions by them as to their knowledge of the importance of annealing or orientation prior to the application for the patent in suit.

Respondent's entire opposition here consists of an attempt to weaken the force of these indisputable and uncontroverted admissions by reference to argumentative testimony at the trial couched in relative and subjective terms, of one of these same employee witnesses (Burdick) and findings of fact exclusively based thereon. Constantly,* we read in its brief that annealing at the time of applying for the patent in suit was not determined to be "a preferable procedure", or that orientation was then "of very reasonable importance". No finding, however, was made as to orientation. Indeed, the trial court adopted finding No. 15 submitted by respondent *in haec verba*, except that it eliminated the part having to do with orientation.

In other words, one of the applicants for the patent (Burdick), who has been accused of a fraud on the Patent Office, in that he omitted from his application procedures known by him to be highly advantageous (to which effect he had clearly committed himself in writing at the time), and whose company has continuously used such procedures commercially since prior to the time he applied for a patent, attempts to laugh off these completely damning admissions and practices by such claims as to *his then*

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* No less than ten times does respondent lean on this evidence between page 8 and page 25. Obviously, it has nothing else to lean on besides this evidence and the findings previously discussed, which are harped on in like manner.

mental attitude, relatively expressed, as "not then determined to be a preferable procedure" and "of questionable importance at the time". This is respondent's entire case in respect to the questions here presented.

Obviously such findings relied upon by respondent are based upon wholly unsubstantial evidence which cannot detract in the least from its own clear admissions and commercial practice. There is no conflict between substantial evidence given by one side and substantial evidence given by the other, which this Court needs to resolve, and questions of law are clearly presented. Indeed, on cross-examination, Burdick even watered down the wholly unsubstantial testimony he had previously given when he said with respect to the importance of annealing at the time of the application for the patent in suit (Tr. 116) "I would say that there would still be *some question* of whether the final process would include annealing. There could still be *some question* at that time". This is like letting a defendant in a murder trial testify that he has reasonable doubt of his own guilt and accepting such evidence in preference to admissions contained in letters he wrote that he committed the murder. Thus, we have wholly unsubstantial testimony attenuated to the nth degree, and defendant's whole argument here is based upon this testimony. Obviously these findings of fact of the District Court, accepted without serious discussion by the Court of Appeals, are clearly erroneous.

Respondent argues that at the time of the application in suit, it "knew these procedures were expensive" (Brief, page 22), referring to annealing and orientation. There is no evidence that orientation is expensive, and in fact it is not. The argument with respect to annealing is that the public is not entitled to know of a vitally important procedure because it may be too expensive. A pretty conclusive answer to this last is that it was not so expensive that

both respondent and petitioners did not find it advisable to regularly use it commercially. Another is that members of the public may not be deprived of the right to exercise their judgment as to the advisability of using it. Just conceivably, they might reach the same conclusion as did both respondent and petitioners, the former prior to application for the patent in suit.

While we do not rely in support of our petition upon anything but respondent's admissions and admitted commercial practice, the Court may desire to inspect the plastic models offered by us in evidence, which clearly show the indisputable geometrical reasons dictating the use of orientation and annealing in the making of star boules (D. Exs. 31, 34, 43, 44 and 40). The District Court discarded these models, saying (Court Decisions, page 5):

"Each of these devices seems to be predicated upon the idea that boules will always split along the same plane, and the skin is uniformly exceedingly thin. The fact is, however, that they do not always split along the same plane, and the skin may be of varying thickness". The first fact thus found is completely contrary to the crystallographic law fully recognized in Plaintiff's Ex. 73, at page 513 and in respondent's application for an annealing patent (D. Ex. 100; page 4, original application; page 6, amendment of October 27, 1945; page 2, amendment of May 28, 1947). This is like finding against the law of gravity. In any event the important thing is that they split, not where they split. As to the second fact found, the disclosure of the patent specifies a star boule having a skin. (Col. 3, lines 10-22), which must be placed in the base or crown of the stone (Col. 3, lines 23-31). That the skin may not be absolutely uniform in thickness does not in the least affect the validity of the models. It is the existence of the skin which is of importance, not its precise thickness. Since the only reasons for discarding the

models are wholly untenable, we do not hesitate to suggest that the Court examine them for light on these critical matters.

Respondent quibbles (Brief, pages 14-15) concerning an alleged difference between "yield of stones per boule" and yield of the product. There is no difference. Its witness, Burdick, was in no such doubt when he testified (Tr. 113) "In other words, unannealed, you might get one stone per boule; and annealed it is possible to get as many as six; *and that's very important commercially*". (Emphasis ours).

Although we have not raised the question of invention, we by no means concede it. Without 90° orientation and annealing there is plainly no invention. These were the things which enabled salable star stones to be made. Not having the money to print the record or the long briefs which a discussion of the question of invention would entail, we have foregone raising the question. To say that something is novel, is, of course, not to say that it is inventive. Indeed, we feel that the indiscriminate upholding by the District Court of all 19 claims and the finding of them all infringed clearly suggests the lack of close attention given to these matters. The two claims cited as typical are anything but typical.

Finally, we would like to point out that the questions here raised are not confined in their importance to the mere validity of a patent for an ornament. They involve the vitally important question of the relationship between secret know-how and patent disclosures. We earnestly believe that this case, on the uncontroverted admissions and practices of respondent, presents a clear-cut opportunity to advise applicants for patents that they must give to the public the best which they have, in order to obtain the highly prized 17-year monopoly which a patent gives. The Patent Office records will show that respondent owns a

very great number of process patents. No one can realize better than it, that the questions raised go far beyond its star stone ornament patent, or be more fearful about having them authoritatively decided.

Conclusion

It is respectfully prayed that this petition for a writ of certiorari be granted.

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